

Durham Civic Center Authority Meeting Minutes

Tuesday, September 18, 2007

8:00am

The meeting was called to order at 8:00am with the following members present/absent:

Present: Patrick Byker, Al Bass, Angie Elkins, Robert Sinclair and Rob VanDewoestine

Absent: George Stanziale, Billy Ruffin

Owner's representation: Heidi York, Harmon Crutchfield, Sharon DeShazo, and Sheila Huggins

Management Company present: Ken Lile, Dave Messinger and Jamie Frydlo

Motion of approval for August 21, 2007 minutes moved by Rob VanDewoestine, seconded by Patrick Byker, voted and agreed upon by all.

Introduction and welcome of new Authority member, Robert Sinclair.

Incomplete Action Items from August meeting

- Mr. Messinger and Mr. Lynch to concur with Precision Air Walls to resolve their recommendation to repair the Ballroom air walls for \$90,000 or replace them for \$286,000. Mr. Messinger will begin the process by sending Mr. Lynch the repair quote. The quote was not sent this past month, but will be done this week for resolution when Mr. Lynch returns from vacation.
- Mr. Stanziale will confirm the status of assistance from Kenan-Flagler on the Civic Center business plan and provide an update to the Authority. Mr. VanDewoestine will contact Mr. Stanziale to determine the status of the support from Kenan-Flagler.

Action Items from September meeting

- Ms. Wallace is still waiting on the final scope and timeline verification for the HVAC work from General Services. When received she will forward to Mr. Lile for determination of the Shaner share of costs.
- Ms. DeShazo to provide feedback on the total cost of ADA and what that work includes.
- Ms. DeShazo will confer with Project Management, the "unfunded list" (5.6m) for possible duplication in funded list.
- No response has been received concerning the questions the Authority Board Chair directed to General Services via Micheal Lynch concerning the comparisons between the Skanska and Shaner proposals for the HVAC system upgrade at the Civic Center. Mr. VanDewoestine will check with Ms. Mitchell as to when they intend to respond.
- On behalf of the Authority, Mr. VanDewoestine will notify the County Clerk regarding a conflict of interest for Reyn Bowman, DCVB to sit on the Authority in light of his responsibilities to the other competing facilities in the area.
- All members of the board were requested to submit feedback on the business plan presented by Shaner.

Meeting Details

Ms. DeShazo and Mr. Crutchfield gave a Capital Project update to the Authority.

- General Services is working on a Capital Project Ordinance amendment for \$845,872 to increase the total appropriation for renovations to the Civic Center, which recognizes the County's contributions to the project as revenue source to assist in closing the gap. The gap applies to all three areas of the project: HVAC, ADA, and Exhibit Hall. The intention is to ask for a vote, which is on schedule for the work session Thursday, September 20.
- The Ordinance does not yet recognize Shaner's HVAC contribution of 33.3% which is obligated by contract.
- The PGMP is an estimate received from the CMAR. Final bids could be less; however, the PGMP does not include the CMAR's fees.
- The City of Durham has two options:
 - Not to incur as much debt once we receive Shaner's contribution
 - Possibility of performing additional work using all bond availability plus COPs in regards to funding the project.
- The availability of funds for a carryover will not be determined until Finance has closed out the 2006/07 fiscal year. Council will approve the changes in January. If approved, there is sufficient funding for repairs for both air walls and lobby tile.
- The final Audit went through the Audit Oversight Committee without question and will be presented to Council. Copies were distributed to the Authority.
- Correspondence is forwarded to the City Attorney's office for clarity in resolution regarding underpayments for the consumer price index in the Parking Lot lease agreement and we are waiting on a response to proceed.

Because of today's update, we realize the costs for capital projects have increased, and there is a plan for action. In addition, the Authority would like to know the explanation behind why the gap was so wide with the Exhibit Hall?

Membership Update: Because of present board appointments served, Ted Conner, Chamber of Commerce cannot be a member of the Durham Civic Center Authority. In addition, the Authority voted unanimously not to vote Reyn Bowman, DCVB as a member due to conflict of interest.

Management Report

- Sales department fully staffed.
- August revenues came in slightly below prior year with a small percent increase in room rental. Maintenance and Repairs labor expense line to increase due to hiring of assistant chief engineer. Food cost more than double over prior year due to many variables, including higher food cost.
- Increase in market segment which includes three teams and expect to add more.
- Concern with Full frame contract; have not received payment for last years festival, which currently shows as bad debt on the books.
- Shaner is investing a three million dollar upgrade in Hotel. This work is to take place December 07 through March 08.

Business Plan

Mr. Lile presented a 3-year financial draft and provided an overview. In an effort to remain on schedule with the Civic Center Business/management Timeline, he requested feedback from Authority for the October meeting. A suggestion from the Authority to show capital requirements in business plan. If air walls cost is not resolved, it can be placed in the business plan.

Facility Assessment

The County is waiting on a second proposal, due to high bid from first proposal. The City has received a statement of qualifications in lieu of a proposal. Ms. Wallace is still waiting on information from General Services Real Estate staff. The legal recommendation was for City and County to have separate bids.

Agenda for next meeting

- Status of incomplete action items from August meeting and added September action items.
- Capital construction
 - Air walls – Replace/repair
 - HVAC – final cost and breakdown
- Feedback from Authority on Business plan
- Kenan-Flagler update
- Where we are in regards to Business/Management Timeline